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China ZhengTong Auto Services Holdings Limited

中國正通汽車服務控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 1728)

ADOPTION OF RESTRICTED SHARE AWARD SCHEME

The Board has adopted the Scheme on the Adoption Date, pursuant to which existing Shares will be purchased by the Trustee from the market out of cash contributed by the Company and be held in trust for the relevant Selected Eligible Participants until such Shares are vested with the relevant Selected Eligible Participants in accordance with the Scheme Rules. The adoption of the Scheme shall become effective on the Adoption Date.

The maximum number of Shares administered under the Scheme shall not exceed in total 2% of the Company's issued share capital from time to time.

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As at the date of this announcement, the Company has, in addition to the Scheme, the Share Option Scheme and Pre-IPO Share Option Scheme. The Share Option Scheme is effectively the only share option scheme under which the Company may continue to grant options to eligible participants.

The Board will implement the Scheme in accordance with the terms of the Scheme Rules including to provide necessary funds to the Trustee for purchase of Shares. For the avoidance of doubt, no new Share will be granted under the Scheme.

Listing Rules Implication

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

Pursuant to the Scheme, existing Shares will be purchased by the Trustee and be held in trust for the relevant Selected Eligible Participants. If the Board selects a Director as a Selected Eligible Participant, the grant of the Restricted Shares to such Director may constitute a connected transaction. However, given the grant of Restricted Shares to a Director will form part of the remuneration of the relevant Director under his service arrangement with the Company, such grant of Restricted Shares are exempted from all the reporting, announcement and independent shareholders' approval requirements under rule 14A.31(6) of the Listing Rules.

REASONS FOR THE ADOPTION OF THE SCHEME

The Directors believe that the future success of the Company is closely tied to the commitment and efforts of the Employees. The Board proposed the Scheme to increase the degree to which the Employees' interests are directly tied to the financial performance of the Company.

SUMMARY OF THE SCHEME RULES

Purposes and Objectives

The purpose of the Scheme is to give an opportunity to the Employees to share the benefits of the Group together with the Company and the Shareholders; and to retain and attract talented management to procure the long-term development of the Company.

Administration

The Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules.

Maximum Limit

The maximum number of Shares administered under the Scheme shall not exceed in total 2% of the Company's issued share capital from time to time. The maximum number of Restricted Shares that may be granted to a Selected Eligible Participant may not exceed 0.1% of the Company's issued share capital from time to time.

Operation

Pursuant to the Scheme Rules, the Board may, from time to time, at its sole discretion select any Selected Eligible Participant and determines the number of Restricted Shares to be awarded to such Selected Eligible Participant. Where any grant of Restricted Shares is proposed to be made to any Selected Eligible Participant who is a Director (including an independent non-executive Director), such grant must first be approved by all the independent non-executive Directors and in each case excluding any independent non-executive Director who is the proposed Selected Eligible Participant.

The Board shall cause to pay the Trustee the purchase price and the related expenses from the Company's resources for the Shares to be purchased by the Trustee. The Trustee shall purchase from the market the relevant number of Shares granted and shall hold such Shares upon trust for the benefits of the Selected Participants until they are vested in accordance with the Scheme Rules. The Trustee is an independent third party within the definition of the Listing Rules. For the avoidance of doubt, all Shares purchased as aforesaid shall only be used for allocation to the Selected Eligible Participant(s) in accordance with the Scheme Rules.

No instructions or payments to purchase Shares shall be given to the Trustee when any Director of the Company is in possession of unpublished price sensitive information in relation to the Company or where dealings by Directors of the Company are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

Vesting and Lapse

Vesting of Restricted Shares shall be subject to the conditions under the Scheme including that the Selected Eligible Participants shall remain as Employees.

A grant of Restricted Shares shall automatically lapse if, among others, a Selected Eligible Participant (i) fails to remain as an Employee (except for case where such lapse arises from normal retirement or death of the relevant Selected Eligible Participant); (ii) is in bankruptcy; (iii) commits a criminal offence; (iv) or commits any act that adversely affects the reputation of the Company.

Where Shares, referable to a Selected Eligible Participant, do not vest in accordance with the Scheme Rules, such Unvested Shares shall remain as part of the assets of the Trust.

Voting Rights

The Trustee shall not exercise the voting rights in respect of any Shares held pursuant to the Scheme and the Trust Deed (including but not limited to the Restricted Shares awarded pursuant to this Scheme).

Duration and Termination

The Scheme shall become effective from the Adoption Date and shall continue to be in full force and effect for a term of 10 years unless sooner terminated as determined by the Board.

Any termination shall be without prejudice to any subsisting rights of any Selected Eligible Participant. Upon termination (whether due to early termination or upon expiry of the Scheme Period), no further Restricted Shares shall be granted. The Company shall notify the Trustee of such termination.

Upon receipt of a termination notice from the Company, the Trustee shall vest in the Selected Eligible Participants all Restricted Shares referable to the date of termination which are not vested by transferring the same held by and in the trust fund of the Trust to the relevant Selected Eligible Participants according to the Scheme Rules; and sell all Shares in the Trust and remit the proceeds of sale of the same together with any residual assets accrued in the Trust, net of all appropriate expenses, to the Company forthwith after the sale.

Limitation of Restricted Shares

Prior to vesting of the relevant Restricted Share, Selected Eligible Participant shall have no rights in (a) any cash and non-cash income in respect of a Restricted Share; and (b) any cash remaining in the trust fund of the Trust in respect of a Restricted Share. All restrictions and limitations on the Restricted Shares shall be removed upon vesting.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Adoption Date”	26 March 2012 (the date on which the Scheme is adopted by the Board upon recommendation of the Remuneration Committee)
“Board”	the board of Directors
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	China ZhengTong Auto Services Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1728)
“Directors”	the directors of the Company
“Employee”	an employee of the Group
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of PRC and Taiwan)
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted by the Company on 17 November 2010
“Restricted Shares”	Shares granted pursuant to the Scheme
“Scheme”	the restricted share award scheme adopted by the Company on the Adoption Date, in its present or any amended form
“Scheme Period”	the period of 10 years commencing from the Adoption Date
“Scheme Rules”	the rules of the Scheme

“Selected Eligible Participant(s)”	any Directors (including independent non-executive directors), senior management and Employees selected by the Board in accordance with the Scheme Rules, excluding any Employee who is resident in a place where the grant or vesting of any Restricted Share or any interest therein in such Employee pursuant to the terms of this Scheme is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Employee
“Share Option Scheme”	the share option scheme adopted by the Company on 17 November 2010
“Shares”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	the trust constituted by the Trust Deed, from which Restricted Shares may be granted to a Selected Eligible Participant pursuant to the Scheme
“Trust Deed”	the trust deed constituting the Trust, as restated, supplemented and amended from time to time
“Trustee”	the trustee which is appointed by the Company for the administration of the Scheme pursuant to the Trust Deed or any additional or replacement trustee(s) independent and not connected with the Company
“Unvested Shares”	such Shares which do not vest in the Selected Eligible Participants and have been or will be forfeited in accordance with the Scheme Rules
“%”	per cent.

For and on behalf of the Board of Directors of
China ZhengTong Auto Services Holdings Limited
中國正通汽車服務控股有限公司
WANG Kunpeng
Chief Executive Officer and Executive Director

Hong Kong, 26 March 2012

As at the date of this announcement, the Board comprises Mr. WANG Kunpeng (Chief Executive Officer), Mr. LI Zhubo, Mr. LIU Dongli, Mr. CHEN Tao and Mr. SHAO Yong Jun as Executive Directors; Mr. WANG Muqing as Non-Executive Director; and Dr. WONG Tin Yau, Kelvin, Mr. TAN Xiangyong and Mr. ZHANG Yansheng as Independent Non-Executive Directors.